

Message Text

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ORIGIN OPIC-06

INFO OCT-01 NEA-10 ISO-00 EB-08 TRSE-00 L-03 COME-00

CIAE-00 INR-07 NSAE-00 /035 R

DRAFTED BY OPIC/ID/MEA:CJBAZARIAN:JMB

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TREASURY:DFOSTER

TREASURY:MFIELD

OPIC/ID/VP:HAZOLA

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OPIC/GC:AFMARRA- L/T:POLSON

OPIC/GC:EABURTON-L/EB:SRBOND

NEA/ARP:JLYLE EB/IFD/TAFORUORD

EB/IFD/OIA:DHSTEBBING

-----221117Z 008176 /15

R 220157Z JAN 77

FM SECSTATE WASHDC

TO AMEMBASSY ABU DHABI

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FROM OPIC

E.O. 11652:N/A

TAGS:EINV

SUBJECT: OPIC BILATERAL AGREEMENT UAE

-

REF: (A) ABU DHABI 3345

(B) ABU DHABI 2857

1. REF (A) - PROSPECTS FOR SIGNING THE OPIC BILATERAL AGREEMENT MAY IMPROVE WITH RECENT DEVELOPMENTS.

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2. REF (B) - PARAGRAPH 1 AS OF DECEMBER 1, 1976, ABU DHABI NATIONAL INSURANCE COMPANY (ADNIC) TWENTY FIVE PER CENT OWNED BY THE UAEG (MINFIN) HAS JOINED AS A PARTICIPANT IN THE OVERSEAS INVESTMENT INSURANCE GROUP (GROUP) WHICH IS UNDER A MANAGEMENT AGREEMENT BETWEEN OPIC AND THE GROUP. AS A QUASI GOVERNMENT ENTITY, ADNIC SHOULD LEND SUPPORT TO THE PROPOSED BILATERAL. EMBASSY MAY WISH TO DISCUSS STATUS

OF THE BILATERAL WITH TARIQ SAID GENERAL MANAGER OR JOHN BUTTER, BOARD MEMBER OF ADNIC.

3. REF (B) - PARAGRAPH'S 3 AND 4, IN RESPONSE TO COMMENTS MADE BY ADNAN PACHACHI, SHAIKH ZAYED'S PERSONAL ADVISOR, AND DR. ADIL SHUKRI, ECONOMIC ADVISOR TO FOREIGN MINISTER, BAZARIAN OF OPIC HAS EXPLORED WITH TREASURY OFFICIALS THE POSSIBILITY OF A BILATERAL TAX TREATY WITH UAE IN ORDER

TO DEMONSTRATE WILLINGNESS TO PROVIDE INCENTIVE FOR UAE INVESTMENTS IN THE U.S. THE TREASURY DEPARTMENT WOULD NOT OBJECT TO DISCUSSING AN INCOME TAX TREATY WITH UAE BUT WOULD NOT MAKE ANY PROMISES NOW ON SCHEDULING SUCH TALKS DUE TO HEAVY SCHEDULE OF NEGOTIATIONS WITH CANADA, FRANCE, GERMANY, ITALY, SPAIN, BRAZIL, AND INDIA ARE ALL IN PROGRESS, AND AUSTRALIA, HUNGARY, YUGOSLAVIA, AND SINGAPORE ARE WAITING DATES FOR CONTINUATION OF TALKS.)

4. THERE ARE SEVERAL ARGUMENTS FOR A TAX TREATY; SUCH AS A SYMBOL OF GOOD WILL, PROVISION OF CERTAINTY TO INVESTORS AS OF THEIR TAX STATUS, AND MORE IMPORTANTLY REMOVES IMPEDIMENTS TO TRADE AND INVESTMENTS BY EQUITABLE TAX TREATMENT, SUCH AS TAXATION OF INVESTMENT INCOME, DIVIDENDS, INTEREST, ROYALTIES AND CAPITAL GAINS. A TAX TREATY MAY REDUCE OR ELIMINATE TAX WITHHELD AT THE SOURCE ON INCOME PAYMENTS TO RESIDENTS OF OTHER STATES. EMBASSY MAY WISH TO EXPLORE THE POSSIBILITY OF A TAX TREATY.

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Message Attributes

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Capture Date: 01-Jan-1994 12:00:00 am
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Control Number: n/a
Copy: SINGLE
Sent Date: 22-Jan-1977 12:00:00 am
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Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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ISecure: 1
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